

§ 250.1014

MMS will change the fee without such procedures.

[53 FR 10690, Apr. 1, 1988, as amended at 62 FR 39775, July 24, 1997. Redesignated and amended at 63 FR 29479, 29486, May 29, 1998]

§ 250.1014 Relinquishment of a right-of-way grant.

A right-of-way grant or a portion thereof may be surrendered by the holder by filing a written relinquishment in triplicate with the Regional Supervisor. It must contain those items addressed in §§ 250.1751 and 250.1752 of this part. A relinquishment shall take effect on the date it is filed subject to the satisfaction of all outstanding debts, fees, or fines and the requirements in § 250.1009(c)(9) of this part.

[53 FR 10690, Apr. 1, 1988. Redesignated and amended at 63 FR 29479, 29486, May 29, 1998; 67 FR 35406, May 17, 2002]

Subpart K—Oil and Gas Production Rates

§ 250.1100 Definitions for production rates.

Terms used in this subpart shall have meanings given below:

Enhanced recovery operations means pressure maintenance operations, secondary and tertiary recovery, cycling, and similar recovery operations which alter the natural forces in a reservoir to increase the ultimate recovery of oil or gas.

Gas reservoir means a reservoir that contains hydrocarbons predominantly in a gaseous (single-phase) state.

Gas-well completion means a well completed in a gas reservoir or in the gas cap of an oil reservoir with an associated gas cap.

Maximum Efficient Rate (MER) means the maximum sustainable daily oil or gas withdrawal rate from a reservoir which will permit economic development and depletion of that reservoir without detriment to ultimate recovery.

Maximum Production Rate (MPR) means the approved maximum daily rate at which oil or gas may be produced from a specified oil-well or gas-well completion.

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Nonsensitive reservoir means a reservoir in which ultimate recovery is not decreased by high reservoir production rates.

Oil reservoir means a reservoir that contains hydrocarbons predominantly in a liquid (single-phase) state.

Oil reservoir with an associated gas cap means a reservoir that contains hydrocarbons in both a liquid and gaseous (two-phase) state.

Oil-well completion means a well completed in an oil reservoir or in the oil accumulation of an oil reservoir with an associated gas cap.

Sensitive reservoir means a reservoir in which ultimate recovery is decreased by high reservoir production rates. A high reservoir production rate is one which exceeds the MER.

Waste of oil and gas means: (1) The physical waste of oil and gas; (2) the inefficient, excessive, or improper use of, or the unnecessary dissipation of reservoir energy; (3) the locating, spacing, drilling, equipping, operating, or producing of any oil or gas well(s) in a manner which causes or tends to cause a reduction in the quantity of oil or gas ultimately recoverable from a pool under prudent and proper operations or which causes or tends to cause unnecessary or excessive surface loss or destruction of oil or gas; or (4) the inefficient storage of oil.

§ 250.1101 General requirements and classification of reservoirs.

(a) Wells and reservoirs shall be produced at rates that will provide economic development and depletion of the hydrocarbon resources in a manner that would maximize the ultimate recovery without adversely affecting correlative rights.

(b) For directionally drilled wells in which the completed interval is closer than 500 feet from a unit or lease line or for vertically drilled wells in which the surface location is closer than 500 feet from a unit or lease line, for which the unit, lease, or royalty interests are not the same, the prior approval by the Regional Supervisor is required before production is commenced. An operator requesting such an approval shall furnish the Regional Supervisor with letters expressing acceptance or objection from operators of offset properties.

(c) The lessee shall propose a classification for each reservoir as an oil reservoir, an oil reservoir with an associated gas cap or a gas reservoir, and as sensitive or nonsensitive.

(d) All oil reservoirs with associated gas caps shall be initially classified as sensitive and shall require establishing a maximum efficient production rate and balancing of production in accordance with §250.1102(a) (1) and (5) of this part. All other oil reservoirs and all gas reservoirs shall be initially classified as nonsensitive.

(e) A reservoir may be reclassified by the Minerals Management Service (MMS) as to type and sensitivity at any time during its productive life when information becomes available showing that reclassification is warranted.

[53 FR 10690, Apr. 1, 1988. Redesignated and amended at 63 FR 29479, 29486, May 29, 1998]

§250.1102 Oil and gas production rates.

(a) *MER.* (1) The lessee shall submit a proposed MER for each producing sensitive reservoir on Form MMS-127, Request for Reservoir Maximum Efficient Rate (MER), along with appropriate supporting information to the Regional Supervisor within 45 days after discovering that a reservoir is sensitive.

(2) The lessee may propose to revise an MER by submitting Form MMS-127 with appropriate supporting information.

(3) The effective date of an MER for a reservoir or revision thereof shall be the first day of the month in which Form MMS-127 is submitted.

(4) When approved, the MER shall not be exceeded, except as provided in paragraph (a)(5) of this section.

(5) If a reservoir is produced at a rate in excess of the MER for any month, the lessee should initiate measures necessary to balance production (offset overproduction by underproduction) during the next succeeding month. All overproduction shall be balanced by the end of the next succeeding calendar quarter following the quarter in which the overproduction occurred. Any operation in an overproduction status in any reservoir for two successive calendar quarters shall be shut in from that reservoir until the actual produc-

tion is equal to that which would have occurred under the approved MER, unless an alternative plan is approved by the Regional Supervisor.

(6) The lessee shall review the MER for each producing sensitive reservoir at least once a year and submit Form MMS-127 with appropriate supporting information.

(7) The lessee may request the reclassification of a reservoir from sensitive to nonsensitive and request approval for termination of an MER by submitting Form MMS-127 with information supporting the reclassification and termination.

(8) At the request of the Regional Supervisor, the lessee shall furnish the information specified on Form MMS-127 for any producing nonsensitive reservoir.

(9) Public information copies of Form MMS-127 shall be submitted in accordance with §250.190.

(b) *MPR.* (1) The lessee shall propose an MPR for each producing well completion together with full information on the method used in its determination. The MPR shall be based on well tests and any limitations imposed by well and surface equipment, sand production, gas-oil and water-oil ratios, location of perforated intervals, and prudent operating practices. The sum of the MPR's of wells completed in a sensitive reservoir shall not exceed the approved MER.

(2) The lessee shall conduct a well-flow potential test within 30 days of the date of first continuous production on all new, recompleted, and reworked well completions. Within 15 days after the end of the test period, the lessee must submit a proposed MPR with well potential test for the individual well completion on Form MMS-126, Well Potential Test Report. The initial MPR shall not exceed 110 percent of the test rate submitted and shall be effective on the first day of the month following the end of the test period if approved by the Regional Supervisor. During the 30-day period allowed for testing, the lessee may produce a new, recompleted, or reworked completion at rates necessary to establish the MPR. After the 30-day period and prior to approval of the initial MPR, a well completion